



ACCOUNTING SERVICES FOR THE VOLUNTARY SECTOR

The Trustees
xxx

27 July 2010

Dear Trustees

This letter sets out the basis on which I am to provide you with services as accountant and our respective responsibilities.

1.0 ACCOUNTING SERVICES

1.1 Your responsibilities as trustees

1.1.1 As trustees of the charity (also the directors for the purposes of company law) you are responsible for maintaining proper accounting records and for preparing financial statements which give a true and fair view and which have been prepared in accordance with the Companies Act 1985 and the Charities Act 1993 (the Acts).

1.1.2 In preparing the financial statements, you are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

1.1.3 You are responsible for keeping proper accounting records that set out with reasonable accuracy at any time the charity's financial position, and for ensuring that the financial statements comply with the Acts. You are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

1.1.4 You are also responsible for deciding whether, in each financial year, the charity meets the conditions for exemption from an audit or independent examination as set out in the Acts, and for deciding whether the exemption cannot be claimed that year for any of the reasons set out therein.

1.1.5 You are responsible for ensuring that the charity complies with laws and regulations that apply to its activities, and for preventing non-compliance and detecting any that occurs.

- 1.1.6 You have undertaken to make available to me, as and when required, all the charity's accounting records and related financial information, including minutes of trustee meetings, that I need to do my work. Each trustee is required to take all steps that he ought to take as a trustee in order to make himself aware of any relevant information and to establish that I am aware of that information.
- 1.1.7 If financial information is published, which includes a report by myself or is otherwise connected to me, on the charity's website or by other electronic means, you must inform me of the electronic publication and get my consent before it occurs and ensure that it presents the financial information properly. I have the right to withhold consent to the electronic publication of the financial statements if they are to be published in an inappropriate manner.

1.2 My responsibilities as accountant

- 1.2.1 You have asked me to help you prepare the financial statements. I will compile the financial statements for your approval based on the accounting records that you maintain and the information and explanations that you give me.
- 1.2.2 I shall plan my work on the basis that no audit or independent examiner's report on the financial statements is required by statute or regulation for the year, unless you inform me in writing to the contrary. I will make enquiries of management and undertake any procedures that I judge appropriate but am under no obligation to perform procedures that may be required for assurance engagements such as audits or reviews.
- 1.2.3 If I find that the charity is not entitled to the exemption from an audit or independent examiner's report on the financial statements, I will inform you of this.
- 1.2.4 In no circumstances will my work be an audit of the financial statements in accordance with International Standards of Auditing (UK and Ireland). So I will not be able to provide any assurance that the accounting records or the financial statements are free from material misstatement, whether caused by fraud, other irregularities or error nor to identify weaknesses in internal controls.
- 1.2.5 Since I will not carry out an audit, nor confirm in any way the accuracy or reasonableness of the accounting records, I cannot provide any assurance whether the financial statements that I prepare from those records will present a true and fair view.
- 1.2.6 I will advise you on whether your records are adequate for preparation of the financial statements and recommend improvements.
- 1.2.7 I have a professional duty to compile financial statements that conform with generally accepted accounting principles from the accounting records and information and explanations given to me.

Furthermore, as trustees you have a duty to prepare financial statements that comply with the Acts and applicable accounting standards. If I find that the financial statements do not conform to generally accepted accounting principles, or if the

accounting policies adopted are not immediately apparent, you must disclose this in the financial statements.

- 1.2.8 I also have a professional responsibility not to allow my name to be associated with financial statements which I believe may be misleading. Therefore, although I am not required to search for such matters, should I become aware, for any reason, that the financial statements may be misleading, I will discuss the matter with you with a view to agreeing appropriate adjustments and/or disclosures in the financial statements. In circumstances where adjustments and/or disclosures that I consider appropriate are not made or where I am not provided with appropriate information, and as a result I consider that the financial statements is misleading, I will withdraw from the engagement.
- 1.2.9 As part of my normal procedures I may ask you to confirm in writing any information or explanations given to me orally during my work.

2. INDEPENDENT EXAMINATION OF FINANCIAL STATEMENTS

- 2.1 I will carry out an independent examination, which is a form of scrutiny less onerous than an audit, of the charity's financial statements as required by the Acts.
- 2.2 My work will include:
- a review of the charity's accounting records and a comparison of the financial statements with these records;
 - an analytical review of the financial statements to identify any unusual items, unexpected fluctuations or inconsistencies with other financial information
 - an assessment of whether the accounting policies adopted are appropriate, conform with fundamental accounting concepts and have been consistently applied;
 - an assessment of any significant estimates or judgements that have been made in preparing the financial statements; and
 - a review of events subsequent to the balance sheet date.
- 2.3 If I have reason to believe that the financial statements may be materially misstated, I will seek explanations from you and may carry out verification procedures.

3. OTHER SERVICES

Other services I provide are detailed on my website, www.johnprice.org.uk. Such services would be subject to the terms of business set out in this letter.

4.0 TERMS

4.1 Period of engagement

- 4.1.1 This engagement will start with the accounting period ending on xxx
- 4.1.2 This letter supersedes any previous engagement letter for the period covered. Once agreed, this letter will remain effective from the date of signature until it is

replaced. You or I may agree to vary or terminate my authority to act on your behalf at any time without penalty. Notice of variation or termination must be given in writing.

4.2 Professional rules and practice guidelines

I will observe the bye-laws, regulations and ethical guidelines of the Institute of Chartered Accountants in England and Wales and accept instructions to provide services to you on the basis that I will act in accordance with them. The requirements are also available on the internet at:
www.icaew.com/membershandbook.

4.3 Records

4.3.1 During my work I will collect information from you and others acting on your behalf and will return any original documents to you following preparation. It is your responsibility to retain them for an appropriate period.

4.3.2 I intend to destroy my copies years old, except documents I think may be of continuing significance. You must tell me if you wish me to of correspondence and other papers that are more than seven keep any document for any longer period.

4.3.3 Where I maintain records in electronic format, copies of such records are made automatically on a daily basis for the purposes of disaster recovery. Such copies are maintained by third parties under the terms of an agreement which includes comprehensive confidentiality safeguards. The servers on which such copies are maintained may be located in the United States of America.

4.4 Confidentiality

I confirm that where you give me confidential information, I shall at all times keep it confidential, except as required by law or as provided for in regulatory, ethical or other professional statements relevant to my engagement.

4.5 Data Protection Act 1998

To enable me to discharge the services agreed under my engagement, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance, I may obtain, use, process and disclose personal data about you / your business / charity / partnership / its officers and employees. I confirm when processing data on your behalf that I will comply with the relevant provisions of the Data Protection Act 1998.

4.6 Proceeds of Crime Act 2002 and Money Laundering Regulations 2007

In common with all accountancy and legal practices, I am required by the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 to:

- have due diligence procedures for the identification of all clients;
- maintain appropriate records of evidence to support customer due diligence;
- and

- report in accordance with the relevant legislation and regulations.

4.7 Quality control

- 4.7.1 As part of my ongoing commitment to providing a quality service, my files are periodically reviewed by an independent regulatory or quality control body. These reviewers are highly experienced and professional people and, of course, are bound by the same rules for confidentiality as myself.
- 4.7.2 I wish to provide a high quality of service at all times. If at any time you would like to discuss with me how I could improve my service, or if you are dissatisfied with the service you are receiving please me know.
- 4.7.3 I will look into any complaint carefully and promptly and do all I can to explain the position to you. If I have given you a less than satisfactory service, I undertake to do everything reasonable to put it right. If you are still not satisfied you may of course refer the matter to my Institute.

4.8 Contracts (Rights of Third Parties) Act 1999

- 4.8.1 Only someone who is a party to this agreement has the right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms. This clause does not affect any right or remedy that exists independently of the Act.
- 4.8.2 The advice I give you is for your sole use and is confidential to you and will not constitute advice for any third party to whom you may communicate it. I will accept no responsibility to third parties for any aspect of my professional services or work that is made available to them.

4.9 Fees

- 4.9.1 My fees are calculated on the basis of the time spent on your affairs. My fees will be billed quarterly, together with outlays, and my invoices will be due for payment when issued.
- 4.9.2 If I need to do work outside the responsibilities outlined in my engagement letter, I will advise you in advance. This will involve additional fees.
- 4.9.3 I reserve the right to charge interest on overdue accounts at the current rate under the Late Payment of Commercial Debts (Interest) Act 1998. I also reserve the right to terminate my engagement and cease acting if payment of any fees billed is unduly delayed.

4.10 Professional indemnity insurance

In accordance with the disclosure requirements of the Provision of Services Regulations 2009, my professional indemnity insurer is Aviva Insurance Limited, of Pitheavlis, Perth, PH2 0NH. The territorial coverage is worldwide excluding professional business carried out from an office in the United States of America or Canada and excludes any action for a claim bought in any court in the United States of America or Canada.

4.11 Applicable law

My engagement with you is governed by, and interpreted in accordance with, English law. The Courts of England shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning my engagement letter and terms of business and any matter arising from or under them. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

5 Confirmation of your agreement

Please confirm your agreement to the terms of this letter by signing below and returning a copy to myself.

If this letter is not in accordance with your understanding of my terms of appointment, please let me know.

Yours sincerely

John Price

I acknowledge receipt of, and agree to, this letter, which fully records the agreement between ourselves concerning my appointment to carry out the work described within it.

For and on behalf of xxx

Signed Date

Name

Position
